

Exhibit A



FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Reaches Settlement with Crypto Company Voyager Digital; Charges Former Executive with Falsely Claiming Consumers' Deposits Were Insured by FDIC

Complaint charges Voyager and CEO Stephen Ehrlich misled consumers who lost more than \$1 billion in cryptocurrency after company's collapse

October 12, 2023



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The Federal Trade Commission announced a settlement with bankrupt crypto company Voyager that will permanently ban it from handling consumers' assets and is filing suit against its former CEO, Stephen Ehrlich, for falsely claiming that customers' accounts were insured by the Federal Deposit Insurance Corporation (FDIC) and were "safe," even as the company was approaching an eventual bankruptcy. The complaint also names Stephen Ehrlich's wife, Francine Ehrlich, as a relief defendant.

In the [federal court complaint](#), the FTC charges that from at least 2018 until it declared bankruptcy in July 2022, Voyager used promises that consumers' deposits would be "safe" to entice them to hand over their funds. When the company failed, consumers lost access to significant assets they had saved, including ongoing salary deposits, college tuition funds, and down payments for homes, according to the complaint, which notes that consumers were locked out of their cash accounts for more than a month and lost more than \$1 billion in crypto assets.

“Consumers reported over \$1.4 billion in losses to cryptocurrency scams in the last year, and the FTC continues to crack down on those who lie to consumers about these risky assets,” said Samuel Levine, Director of the FTC’s Bureau of Consumer Protection. “This action reminds companies and individuals: don’t play fast and loose with claims about FDIC insurance.”

The [proposed settlement](#) with Voyager and its affiliates will permanently ban the companies from offering, marketing, or promoting any product or service that could be used to deposit, exchange, invest, or withdraw any assets. The companies also agreed to a judgment of \$1.65 billion, which will be suspended to permit Voyager to return its remaining assets to consumers in the bankruptcy proceedings. Former executive Stephen Ehrlich has not agreed to a settlement and the FTC’s case against him will proceed in federal court.

According to the complaint, Voyager enticed consumers to deposit cash and cryptocurrency with the company based on assurances that their assets were especially safe on the platform. The company offered incentives to consumers who converted the cash they deposited into a cryptocurrency called USD Coin, a so-called “stablecoin” that claims to track the value of the U.S. dollar.

The company’s marketing included direct promises about the safety of consumers’ deposits. One example cited in the complaint included the line “YOUR USD IS FDIC INSURED”



YOUR USD IS FDIC INSURED

DEC 18 2019, 13:28 EST / THE VOYAGER TEAM

USD held with Voyager is now FDIC Insured

Through our strategic relationships with our banking partners, all customers' USD held with Voyager is now FDIC insured. That means that in the rare event your USD funds are compromised due to the company or our banking partner's failure, you are guaranteed a full reimbursement (up to \$250,000).

We're excited to offer our customers an extra level of security, so they can feel more comfortable holding their USD with Voyager.

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Voyager, however, is not a bank or financial institution, and the deposits consumers made with Voyager were not eligible to be insured by the FDIC. The complaint notes that the FDIC does not insure crypto assets at all, and consumers' cash deposits were actually placed in an account held by Voyager at a traditional bank that also issued debit cards on behalf of Voyager. Consumers' cash was only protected if that bank itself failed, and their cryptocurrency wasn't protected at all.

The complaint notes that Voyager was aware that the company's claims could mislead consumers. The bank where Voyager deposited consumers' funds contacted the company in 2021 saying the claims were "potentially misleading." A bank representative went on to say that "a reasonable consumer could conclude that his USDC [USD Coin] held with Voyager is FDIC-insured." While Voyager made some changes to its cardholder agreement, the complaint notes that the company continued its misleading advertisements. The company only removed the FDIC claims from its advertising after receiving a cease-and-desist letter from the FDIC.

Ehrlich himself, in a June 2022 letter to Voyager customers, reassured them of the company's stability, claimed it was "well-capitalized and positioned to weather the bear market," and said that consumers' funds were "as safe with us as at a bank."

Two weeks later, the company froze consumers' access to their accounts.

The FTC staff complaint alleges that Voyager and Stephen Ehrlich violated the FTC Act's prohibition on deceptive practices and the Gramm-Leach-Bliley Act's prohibition on obtaining a customer's financial information through false, fictitious, or fraudulent statements. The complaint also alleges that Stephen Ehrlich transferred millions of dollars to his wife Francine, including funds that can be traced directly to the alleged unlawful conduct.

In addition to banning Voyager and its affiliated companies from handling consumers' assets, the proposed settlement prohibits the companies from misrepresenting the benefits of any product or service; from making false, fictitious, or fraudulent representations to any customer of a financial institution in order to obtain or attempt to obtain their financial information; and from disclosing nonpublic personal information about consumers without their express consent.

The Commission voted 3-0 to file a complaint against Voyager and its affiliated companies, Stephen Ehrlich, and relief defendant Francine Ehrlich and to approve a stipulated order with Voyager and affiliated companies. The complaint was filed in the U.S. District Court for the Southern District of New York.

In a parallel action, on October 12, the Commodity Futures Trading Commission separately charged Ehrlich with fraud and registration failures.

NOTE: The Commission authorizes the filing of a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. Stipulated orders have the force of law when approved and signed by the District Court judge.

The staff attorneys on this matter are Quinn Martin, Sanya Shahrabji, and Larkin Turner of the FTC's Bureau of Consumer Protection.

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